

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268

RETAIL GROUND AND PARCEL SELECT GROUND
SERVICE STANDARD CHANGES, 2022

Docket No. N2022-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO QUESTIONS
1-6 OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 4
(April 22, 2022)**

The United States Postal Service hereby provides its responses to the above-listed questions of the Presiding Officer's Information Request No. 4, issued on April 15, 2022. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business & Service Development

Christopher M. O'Connell
Andrew L. Pigott
C. Dennis Southard IV
Attorneys

475 L'Enfant Plaza, SW
Washington, DC 20260-1135
dennis.southard@usps.gov
(202) 268-6284
April 22, 2022

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JARBOE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

1. Please refer to the response to POIR No. 1, questions 4, 5.b., and 5.f.¹ In its response to question 4, the Postal Service states “[t]he response validated the Postal Service’s experience in customer’s overall willingness to prioritize cost over speed for a cheaper price for less critical shipments.” In its response to question 5.b., the Postal Service states “[w]e define low-price as a price less than published parcels destined to zone 2, 1LB (net minimum) charge for LB -rated competitive parcels” and provides definitions for “medium-price” and “high-price” that appear to directly align with “medium-speed” and “high-speed,” respectively. In its response to question 5.f., the Postal Service states RG and PSG “will remain a low-price shipping option for larger packages; however, their speed will be improved by as much as three days.”
 - a. Given that the Postal Service defines “low-price” as “a price less than published parcels destined to zone 2, 1LB (net minimum) charge for LB -rated competitive parcels,” and “medium-price” and “high-price” align with faster speeds, how does the Postal Service categorize RG and PSG that are heavier than a pound in zones 3 to 8?
 - b. Please explain the basis for selecting the rate category “zone 2, 1LB” as the maximum price point for the “low-price” price segment.
 - i. Please confirm that based on the Postal Service’s definition of “low-price,” the price of a 70LB zone 8 parcel would be categorized as “low-price,” if and only if, its price is less than the zone 2, 1LB rate.
 - ii. If not confirmed, please explain.
 - c. Please specify a price range with minimum and maximum price points for each price segment, “low-price,” “medium-price,” and “high-price” for the delivery of packages weighing more than one pound in zones 3 to 8.
 - d. Please confirm that with the proposed service standard change, there would be no upward pressure on price of RG and PSG that are heavier than a pound in zones 3 to 8 due to potentially higher cost of providing faster speed service.
 - i. If confirmed, please explain the basis of this assertion.
 - ii. If not confirmed, please explain how customers who prioritize price over speed benefit from the proposed service standard change.
 - iii. If not confirmed, please further confirm that the Postal Service would not have a low-price, low-speed product to meet the demand of customers who strictly prioritize price over speed.

Response:

- a. With respect to weight-based shipping products, such as Retail Ground and Parcel Select Ground, the price categorization is not based on an absolute or

¹ Responses of the United States Postal Service to Questions 1-10 of Presiding Officer’s Information Request No. 1, April 8, 2022 (Response to POIR No. 1).

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fixed price but is relative to other weight-based shipping products. For such products, price is relative to package weight, size, and the distance shipped. (See, e.g., USPS-T-1 at 3.) Thus, as weight, size, and/or distance increase, so does the price to ship the package; nevertheless, relative to similar weight-rated shipping products, Retail Ground and Parcel Select Ground remain "low-priced" for the category for comparable weight, size, and distance.

- b. The "low-price" terminology used in the response to POIR 1, question 5(b) was associated with the industry standard for the "minimum net charge." As explained above, in the context of weight-based products such as Retail Ground and Parcel Select Ground, the term does not define a maximum price point but a relative price point used for purposes of illustration.
 - i. Not confirmed.
 - ii. As explained above, the Zone Two, one pound rate was used for illustration. It does not set a maximum price point for weight-based products such as Retail Ground and Parcel Select Ground, which are relatively categorized based on the weight and size of the package and the distance shipped.
- c. As explained above, Retail Ground and Parcel Select Ground are weight-based products. There are approximately 500 rate cells above one pound across Zones three through eight.
- d.i. Confirmed. There will be no upward pressure on price resulting from higher costs because the proposed service standard change results in estimated

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aggregate cost decreases for RG and PSG of \$21.6 million and \$15.0 million,
respectively. See USPS-LR-N2022-1-1 (Revised April 15, 2022).

d.ii. N/A

d.iii. N/A

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3. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2022-1/NP12.

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4. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2022-1/NP12.

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5. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2022-1/NP12.

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6c-d. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2022-1/NP12.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRAY TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

2. Does the Postal Service anticipate that the proposed change in service standards will impact customers in urban and rural areas in different ways?
 - a. If the Postal Service does not anticipate differences in service between rural and urban areas, please explain why not.
 - b. If the Postal Service anticipates differences in service between rural and urban areas, please describe the nature and cause of those differences and any plans the Postal Service has to minimize or otherwise address those differences.

Response:

The Postal Service does not anticipate that the proposed service standard changes will impact urban and rural customers differently.

a. As with FCM and FCPS, the service standard is 3-digit to 3-digit without exception. Service is dependent upon travel time between facilities and all package service is expected to meet service regardless of whether it originates or destines in a rural or an urban area.

b. N/A.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS OWENS TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

6a-b. Please see Attachment, filed under seal.

Response:

Please see the response filed under seal as part of USPS-LR-N2022-1/NP13.